INFORMATION LETTER

Not for Publication — NATIONAL CANNERS ASSOCIATION — For Members Only

No. 807 — Washington, D. C. — October 5, 1940

TAX BILL GOES TO PRESIDENT

Conference Committee Eliminates Amendment Giving Relief to Seasonal Canners

A revised excess-profits tax bill was reported on Monday, September 30, by the Conference Committee appointed to reconcile the differences between the Senate and House bills, and this revised bill was passed by both the Senate and the House on the following day. The bill now goes to the President for his signature.

The most important change made by the Conference Committee, from the viewpoint of the canning industry, was the elimination of the amendment adopted by the Senate affording special relief to processors of seasonal fruits, vegetables, and seafood. As was explained in the INFORMATION LETTER of September 14, 1940, this amendment would have allowed seasonal packers to carry over and make up deficiencies in earnings for the two preceding years before the earnings for the current year are deemed excessive and subject to the excess-profits tax. This provision does not appear in the bill as finally passed, and seasonal canners are therefore subject to the excess profits tax in the same fashion as any other corporation. The Conference Committee did, however, add a provision to the bill allowing all taxpayers (not only seasonal packers, but all others) to carry over and make up deficiencies in earnings (not losses) for *one* past year, before the income for the taxable year is to be deemed excessive, but this provision applies only to corporations whose normal-tax net income does not exceed $25,000.

As the bill reported by the Conference Committee and passed by the House and Senate will in all probability be signed by the President, and thus contains the provisions that will become effective, an effort will be made to analyze in some detail its more important provisions. It should be understood, however, that an analysis of this type can do no more than emphasize the highlights of the bill. The provisions of the bill itself are extremely complex, and a careful study of it by every canner subject to its provisions will be necessary.

The bill as finally enacted does two things. First, it makes substantial increases in the normal corporate income tax rates, and second, it levies an extremely complicated tax, at rates varying from 25 per cent to 50 per cent, on the so-called "excess-profits" of all corporations. These will be discussed separately.

Increases in Normal Corporate Taxes

Wholly apart from the tax on "excess-profits" that is levied by the bill, the bill increases the normal Federal tax rate, applicable to corporations having incomes of more than $25,000, from 19 per cent to 22.1 per cent, an increase of 3.1 per cent. No change is made in the normal tax rates applicable to corporations having incomes of less than $25,000.

This is the second time this year that normal corporate tax rates have been increased. Prior to this year, the rates for corporations having incomes of $25,000 or less varied from 12.5 per cent to 16 per cent and the rate for corporations having incomes over $25,000 was 18 per cent. The First Revenue Act of 1940, adopted on June 25, 1940, increased these rates from 13.5 per cent to 17 per cent for corporations having incomes under, and to 19 per cent for corporations having incomes over $25,000. In addition, that Act levied an additional special defense tax equal to 10 per cent of the tax otherwise due. The new bill, which is generally referred to as the Second Revenue Act of 1940, increases, as is indicated above, to 22.1 per cent the rate for corporations having incomes over $25,000, but makes no change in the rate for corporations having incomes of less than that amount. Nor does the new bill make any change in the special defense tax of 10 per cent of the tax otherwise due. In the case of cor-

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Hearing Called to Consider Revision of Wage-Hour Record-Keeping Requirements

Acting on the request of spokesmen for several large industrial concerns for further revision of the record-keeping regulations issued under the Fair Labor Standards Act, the Wage and Hour Division has announced a public hearing on this subject to be held October 17 at Washington, D. C.

Dr. Gustav Peck, assistant director of the Hearings Branch, will preside at the hearing, called, in the language of the official notice, to determine "what, if any, amendments should be made to Regulations, Part 516, in respect to the records to be kept by employers of persons employed, wages, hours, and other conditions and practices of employment."

Representatives of large employers who already have complete records, for purposes other than the Wage and and Hour Law, regarding the hours of work and pay of their employees, have complained to the Wage and Hour Division that the present language of the record-keeping regulations issued under the Wage and Hour Law compels the keeping of certain additional records that are burdensome. They have suggested that the requirements in the present regulations could be simplified without sacrifice to the protection such records give to the employees involved. The hearing, therefore, has been ordered so that their suggestions may be officially examined into, and if the changes they request can safely be made, their suggestions will be followed, Acting Administrator Baird Snyder declared in announcing the hearing.

Anyone desiring to appear or file a statement may do so. Notice of intention to appear must reach the administrator prior to 4:30 P. M., October 16. Written statements in lieu of personal appearances must be received prior to 4:30 P. M., on October 17, the date of the hearing.

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porations having incomes over $25,000 this special defense tax of 10 per cent will be computed on the basis of a normal tax of 19 per cent rather than the increased rate of 22.1 per cent. In other words, the special defense tax equals 10 per cent of a normal tax of 19 per cent rather than 10 per cent of a normal tax of 22.1 per cent.

Excess-Profits Tax Rate

In addition to these increases in the normal tax rate, the bill levies a new tax on "excess-profits" at rates varying from 25 per cent to 50 per cent, depending upon the amount of excess-profits. Specifically, these rates are as follows:

Amount of Excess Profits	*Rate of Tax*
First $20,000 at	25 per cent
Next $30,000 at	30 per cent
Next $50,000 at	35 per cent
Next $150,000 at	40 per cent
Next $250,000 at	45 per cent
Over $500,000 at	50 per cent

In contrast to the normal Federal income taxes, the "excess-profits" tax applies only to the portion of net income deemed to be excessive. The normal Federal income tax applies, of course, to total net income. Thus, if a corporation has net income of $100,000, for example, it will pay a normal tax of 22.1 per cent of this total income, or $22,100, and a special defense tax of $1,900 (10 per cent x 19 per cent x $100,000), making a total of $24,000. In addition, if any portion of the $100,000 income constitutes excess-profits, a further tax must be paid at the rate of 25 per cent, or more, of the excess-profits. In order to determine whether or not the excess-profits tax applies, and if so, how large the tax is, it is first necessary to determine how much of the net income constitutes "excess-profits".

Computation of Excess-Profits

The method set forth in the bill for computing excess-profits is quite complicated. Generally, the taxpayer corporation determines what portion of its income can be deemed to constitute normal earnings, and then deducts these normal earnings from the corporation's income for the year in question. The earnings considered to be normal are called the "excess-profits credit", and the bill sets forth two alternative methods of computing this credit, either of which may be used by the taxpayer corporation at its election. One method is referred to as the "average earnings" method, and the other is called the "invested capital" method.

In addition to this "excess-profits credit" the taxpayer is allowed to deduct several other items from the net income for the year in question. First, the corporation may deduct the normal Federal income taxes paid for the year in question. In addition, it is allowed a specific exemption of $5,000, which may also be deducted from net income. A still further deduction allowed in some instances is a carryover of deficiencies in earnings for the preceding year. In other words, the taxpayer is allowed to make up the past year's deficiency, that is, the difference between last year's earnings and normal earnings. This is discussed in detail below. Finally, certain other technical adjustments in net income must be made.

The balance remaining, if any, after the excess-profits credit and the other items have been deducted from net income, and the other necessary adjustments in net income have been made, is deemed to constitute "excess-profits". As the heart of this computation is the determination of the "excess-profits credit" (i.e. what are normal earnings) the method of computing this credit deserves discussion. The other deductions from net income will also be explained in the following paragraphs.

Excess-Profits Credit

As is indicated above, the bill sets forth two alternative methods—"average earnings" and "invested capital"—for computing the so-called "excess-profits credit", which is the normal earnings to be deducted from net income in ascertaining excess-profits. If the corporate taxpayer was in existence prior to January 1, 1940, either of these methods may be used at the taxpayer's election. If not, the invested capital method only may be used.

Average earnings method—Under the average earnings method the taxpayer is allowed to take as "excess-profits credit" 95 per cent of the corporation's average earnings for the four-year base period 1936-1939, inclusive. Average earnings for this base period are determined by adding together the earnings for each of the four years, and dividing the total by four. The computation becomes more complicated, however, when there were losses in one or more of the four years. For these losses must be deducted from the earnings of the other years in computing the total earnings for the four-year period. This is subject to one exception, however, namely that if there was a loss in only one year, this year may be treated as zero, and it is not necessary to subtract the loss from the aggregate earnings for the other three years. Where there are losses in two or more years, only the year of the greatest loss may be treated as zero, and the losses for the other years must be subtracted from the aggregate earnings for the four-year period.

An example will best illustrate this method of computation: If a corporation during the four-year base period had earnings as follows: 1936, $50,000; 1937, a loss of $25,000; 1938, a loss of $10,000; and 1939, earnings of $60,000; its average earnings would be computed in the following fashion. The earnings for 1936 and 1939 would be added together giving total aggregate earnings of $110,000. From this it would be necessary to deduct the $10,000 loss in 1938, leaving aggregate earnings of $100,000. Nineteen hundred thirty-seven, the year of the greatest loss may be treated as zero and it is not necessary to deduct this loss in computing the aggregate earnings. The aggregate earnings of $100,000 are then divided by four to give average earnings of $25,000, and 95 per cent of this amount, namely, $23,750, is the "excess-profits credit" that is deducted in determining how much of the normal tax net income constitutes excess-profits.

It should be observed that the "excess-profits credit" is only 95 per cent of the average earnings during the base period, rather than the entire average earnings.

Certain adjustments in the average earnings for the base period are necessary when the corporation was not in existence during the entire period, or when there has been a change in the corporation's invested capital during the base period. For example, if for the particular taxable year in question, the corporation has a larger invested capital than it had during the base period, its average earnings for the base period may be increased by an amount equal to 8 per

cent of the net increase in invested capital. On the other hand, if there has been a reduction in invested capital, the average earnings are decreased by 6 per cent of the reduction. Where the taxpayer was not in existence during the entire base period, the earnings for any year during which it was not in existence are assumed to be an amount equal to 8 per cent of the corporation's invested capital at the end of the base period.

Invested capital method—The second alternative method of computing the "excess-profits credit" is the so-called "invested capital method". Under this method the excess-profits credit is an amount equal to 8 per cent of the corporation's invested capital. In other words, this method allows a flat 8 per cent return on invested capital without any reference to past years, and a corporation with $500,000 invested capital, for example, would be entitled to an excess-profits credit of $40,000.

The "invested capital method" probably will be utilized most frequently in computing excess-profits. For the "average earnings methods" works to the advantage of the taxpayer only if during the four-year base period the corporation had average earnings equal to more than an 8 per cent return on its invested capital. If the corporation did not, the 8 per cent return allowed by the invested capital method will give a larger "excess-profits credit" and thus will produce a more favorable result.

What is invested capital?—The method of computing invested capital is also quite complicated. Speaking generally, however, invested capital includes both equity invested capital and borrowed invested capital. Equity invested capital is defined to include money or property paid in for capital stock, stock dividends that represent a distribution of earnings and profits, and accumulated earnings and profits as of the beginning of the taxable year. Borrowed invested capital includes the amount of outstanding indebtedness evidenced by bonds, notes, mortgages, or other certificates of indebtedness. It apparently does not include money borrowed on open account. *Only 50 per cent* of the average annual amount of such outstanding indebtedness can be included in borrowed capital in computing "invested capital".

Where borrowed capital is included in invested capital, a proportionate adjustment must be made in the amount of interest deducted in computing net income for the taxable year. In other words, when 50 per cent of the outstanding indebtedness is included in borrowed capital, the interest deducted in computing normal tax net income must be reduced by 50 per cent, thus increasing the net income for purposes of excess-profits taxation for that year.

In computing invested capital, both equity and borrowed invested capital must be determined on a daily basis, and the amount of such capital for each day is averaged to give the yearly average.

Other deductions from net income in computing excess profits—It has already been observed that the taxpayer corporation is allowed to deduct from net income a number of items, in addition to its excess-profits credit, in ascertaining what portion of the income constitutes "excess-profits". Among these are the normal taxes paid and the specific exemption of $5,000. Thus, a corporation with a $100,000 income can deduct its normal tax of $22,100 (at 22.1 per cent), probably also its special defense tax of $1,900 (10 per cent x 19 per cent), and its specific exemption of $5,000, making total deductions of $29,000 in addition to its excess-profits credit.

There are a number of other technical adjustments in net income that may have to be made, one of which has been mentioned in the discussion of invested capital. If 50 per cent of borrowed capital is included in invested capital, for example, the net income must be *increased* by eliminating 50 per cent of the interest previously deducted in computing the net income. Similarly, adjustments may have to be made in net income to eliminate long term capital gains or losses, to eliminate income from the retirement or discharge of bonds, to eliminate recoveries of bad debts, to eliminate refunds of A.A.A. taxes, or in some instances to add the interest on government obligations if these government securities have been considered in determining invested capital. For the most part these adjustments may result in further deductions from net income.

Deficiency in earnings for past year. When can this be deducted from net income?—Finally, the taxpayer may, under some circumstances, be allowed to take as further deduction from net income, a carry-over of the deficiency, if any, in earnings for the preceding year. As is indicated above, if the taxpayer's earnings for the preceding taxable year were below what may be considered normal earnings, i.e. were less than the corporation's excess-profits credit for that year, this deficiency in earnings may be carried forward to the taxable year and deducted from net income in computing excess-profits. This carry-over is allowed, however, only if the corporation's net income for the taxable year does not exceed $25,000.

Again, taking an example, if a corporation has invested capital of $100,000, a net income of $25,000, and the preceding year suffered a loss, its excess profits would be computed as follows: From its net income of $25,000, there could be deducted its specific exemption of $5,000, its normal tax of $4,152.50, and its excess-profits credit of $8,000 (8 per cent x $100,000 invested capital), making total deductions of $17,152.50. The balance of net income, $7,847.50, ordinarily would be subject to excess-profits tax, but as the preceding year was a loss year, the excess-profits credit for that year, $8,000, exceeded earnings by $8,000, and this deficiency in earnings can be carried forward and deducted from net income for the taxable year. This additional deduction makes the deductions exceed the $25,000 income, and there is thus no excess-profits tax.

This carry-over provision will become effective only after the first of next year, and in filing excess-profits tax returns for 1940, it will not be possible to carry forward any deficiency in earnings for 1939.

The practical value of this carry-over provision is, of course, limited by the fact that it does not apply to corporations with incomes over $25,000. Corporations with incomes less than this amount will need the carry-over only in exceptional circumstances. For the specific exemption of $5,000, plus the excess-profits credit of 8 per cent of invested capital, and the deduction for normal taxes paid, will in most cases equal net income and prevent the imposition of an excess profits tax. It is only where a corporation earns close to $25,000 on an invested capital of $150,000 or less, and the preceding year was one of low earnings or loss, that the carry-over will be valuable.

Computation of Tax Illustrated

The manner in which the various credits and deductions discussed above are utilized in computing excess-profits and the tax can best be illustrated by taking a specific example. If a corporation has an invested capital of $500,000, and has net income of $100,000, its excess profits tax would be computed as follows:

Normal-Tax Net Income		$100,000.
Less:		
Normal Tax (at 22.1 per cent)	$22,100	
Special Defense Tax (at 1.9 per cent)	1,900	
Excess Profits Credit (8 per cent of $500,000)	40,000	
Other adjustments	1,000	
		65,000.
Excess-Profits Subject to Tax		35,000.
Tax ($20,000 at 25 per cent, $15,000 at 30 per cent)		$ 9,500.

In this example, if 95 per cent of the corporation's average earnings for the four year base period 1936-1939, is greater than $40,000, the larger figure could be used as the excess-profits credit, rather than the 8 per cent of invested capital used in the example. Since the corporation earned more than $25,000, it has no carry-over of deficiencies in earnings for the preceding year to use as an additional credit against net income.

Special Treatment of Abnormal Income

The bill contains two provisions designed to relieve hardship where a corporation has unusually large and abnormal income. It is doubtful whether either of these will be of any particular assistance to canners. The first of these provisions specifies that if the abnormal income arises as a result of a judgment the corporation has obtained, as a result of a contract that required more than twelve months for performance, or as the result of development of patents and the like, the Commissioner may apportion this income over several years. The second provision merely specifies that the Commissioner of Internal Revenue shall have authority to make such adjustments as are necessary to adjust abnormalities affecting income or capital. The types of abnormalities contemplated by this provision are not clear, but it is doubtful whether it will have much application to the canning industry.

Application of the Tax

The tax applies only to corporations. It applies to all taxable years beginning after December 31, 1939. In other words, it applies to the calendar year 1940, and future calendar years, and fiscal years that began after January 1, 1940.

Committee to Investigate Cost of Processing Crabs

Under the terms of a resolution submitted by Senator Radcliffe of Maryland and adopted by the Senate, the United States Tariff Commission has been directed to investigate the differences in the cost of production between domestic crab meat, paste, and sauce, whether fresh, frozen, prepared or preserved, and similar foreign articles. The report of the Commission is to be furnished the Senate at the earliest practicable date.

Wage-Hour Division Prepares Forms for Reports by Employers on Compliance

Every employer against whom an allegation of violation of the Wage and Hour Law is filed, henceforth will receive a form on which he is requested to give information indicating his compliance with, or violation of, the Fair Labor Standards Act, it was announced recently by Colonel Fleming, administrator of the Wage and Hour Division. Colonel Fleming pointed out that when the Division was set up and the law became effective on October 24, 1938, complaints were accepted and filed for future investigation. Starting with a force of less than 25 inspectors, and faced with an ever-mounting complaint load, the Division in many instances was unable to send an inspector to investigate a complaint for several months. Sometimes the firm had gone out of business, or the complaining employee had left its employ and could not be located, and many other changes and conditions intervened to make investigation of these "cold" complaints difficult, if not impossible.

"The use of the new form will have the effect of making each complaint a 'live one,' in that action will begin immediately with the filing of the charge," Colonel Fleming said.

"Each employer complained against will receive this form, AD-85, headed 'Information Respecting Compliance with the Fair Labor Standards Act of 1938.' This will serve to advise some employers, who have been inadvertently violating the law, of the existance of the statute and its requirements. Accurately filled out, it will put the employer through a sort of 'examination of conscience' insofar as the Wage and Hour Law is involved. When he has completely filled out the form, he will know whether or not he is complying with the law.

"Should an employer thus discover that he has been violating the law, and he wants to come into compliance immediately and make restitution of back wages due his employees, every assistance will be given him by the nearest Wage and Hour office."

The form summarizes the requirements of the law with respect to minimum wages, overtime, record-keeping requirements, discrimination against employees making complaints and shipment of goods produced in violation of the law.

One part of the form is also designed to indicate immediately whether or not the firm is covered by reason of being engaged in interstate commerce or in the production of goods for commerce.

It clearly states that the information supplied in it to the Wage and Hour Division shall not affect in any way any cause of action arising under the Act. Neither does the submission of this information give the employer immunity in any action, civil or criminal, that may be brought under the Act.

"In no case is this form being used as a substitute for physical or personal inspection of the books of the employer involved," Colonel Fleming said. "It is merely being used to expedite our inspection procedure and should prove of great value in this respect. Inspections will still be made at the faster rate made possible by our increased inspection force now totalling more than 700."

F. T. C. Issues Order Against Manufacturer of Fruit Preserves Alleging Product Misrepresentation

The Federal Trade Commission has issued an order against Fresh Grown Preserve Corporation, Sun Distributing Company, Inc., and Rite Packing Corporation, all of Lyndhurst, N. J., and formerly located at 32 Thirty-third St., Brooklyn, and Murray and Leo Greenberg, officers and directors of the three corporations, requiring them to cease and desist from misrepresentation in the sale of preserve products designated "Nature's Own," "Top Notch" and "Mardi Gras."

The press statement by the Commission concerning the order is as follows:

"Commission findings are that by means of labels, tags and markers and by statements in price lists and other advertising material, the respondents have represented their products as being fruit preserves or 'pure' fruit preserves when in fact they were not preserves or pure preserves within the meaning and popular acceptation of such words but were imitation or sub-standard preserves so closely simulating an unadulterated preserve made from the accepted commercial formula that ordinary inspection would not reveal the difference in fruit content between the two products.

"The minimum standard formula used by manufacturers for 'preserves' and 'pure preserves' (which are the same product in fruit and sugar content), according to findings, is a fruit content of 45 pounds of fruit to 55 pounds of sugar, cooked to a consistency of approximately 68 per cent water soluble solids, such formula being a commercial adaptation of the ordinary cook book formula of 'a cup of fruit to a cup of sugar.' A preserve product falling below that standard, the findings continue, constitutes 'imitation preserves.'

"The Commission further finds that the fruit portions of the respondents' products are not composed entirely of the specified fruit represented, but instead they contain in part a mixture of fruits or products other than that specified, and that in designating or advertising their products the respondents do not disclose the substitution of fruits or materials other than those specified.

"The Commission order directs the respondents to cease and desist from using the terms 'preserves' or 'pure preserves' on labels, tags, markers, or in advertising material, or in any other manner, to in any way designate, describe or refer to preserve products which are not prepared from a mixture of clean, sound fruit with sugar in the proportion of at least 45 pounds of fruit to 55 pounds of sugar cooked to an appropriate consistency; from representing in any manner that a product which contains a fruit content in a proportion of less than that provided in the formula mentioned is a pure preserve or a preserve, or is anything other than an imitation or sub-standard preserve, and from representing in any manner that the respondents' products are composed of certain specified fruits, when in fact they contain a mixture of fruits other than those represented.

"Commission findings relate that analyses made by the Food and Drug Administration in Washington and by an independent firm of chemists of 42 samples of the respondents' products bought in the open market over a period of approximately 18 months, reveal that with the exception of one sample labeled 'grape preserves,' all had a fruit content of less than the accepted minimum formula. The average fruit content ranged from 19 pounds of fruit to 55 pounds of sugar as found in one group of four samples, to 30 pounds of fruit to 55 pounds of sugar as found in another group.

"Based upon the testimony of manufacturers and chemists, the Commission finds that the respondents, by reason of the use of a lesser amount of fruit resulting in both a saving in cost of fruit and a greater percentage of yield, obtained an advantage in competition over competitors who did not resort to such practice. The Commission further finds that this saving is sufficient to force competitors using the standard formula of 45 pounds of fruit to 55 pounds of sugar to sell below his actual cost in order to meet this saving in cost."

October Surplus Food Designations Listed

The list of surplus food designations for the month of October has been announced by the Surplus Marketing Administration. The surplus foods available in exchange for blue surplus food order stamps in any eligible retail food store participating in the program in all areas are as follows: butter, raisins, rice, pork lard, pork, corn meal, shell eggs, dried prunes, hominy grits, dry edible beans, Irish potatoes, wheat flour and whole wheat (graham) flour, fresh oranges, fresh apples, and fresh pears.

In addition to these foods, a number of fresh vegetables have been designated for exchange for the food order stamps in the approved areas of certain States. These vegetables and the States in which they are available in the designated areas are listed below:

Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and *Wyoming.*—Beets, cabbage, carrots, celery.

California.—Tomatoes.

Kentucky and *Ohio.*—Cabbage and celery.

Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, South Dakota, and *Wisconsin.*—Beets, cabbage, carrots and celery.

Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, Virginia, West Virginia, and the *District of Columbia.*—Beets, cabbage, carrots, cauliflower, and celery.

Delaware, Maryland, New Jersey, Pennsylvania, Virginia, West Virginia, and the *District of Columbia;* and the stamp plan areas of *Brooklyn, Nassau County,* and *Yonkers, New York.*—Snap beans.

Alabama, Arkansas, Florida, Georgia, Louisiana, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, and *Texas.*—Cabbage and tomatoes.

Louisiana Lowers Food Registration Fee

The Louisiana Department of Health recently took administrative action to reduce the fee for registration of foods from $5.00 to $2.50 per product, with a maximum of $50.00 for any one manufacturer. This action was taken following the veto by the Louisiana governor of a bill passed by the legislature to repeal the registration fee requirements and to pay all charges for inspection and investigation from State general funds.

The Association has received notice of the lowering of the registration fee from the State Department of Health. The notice states "that the fee for registration of foods, drugs and cosmetics has been reduced to $2.50 per product, with a maximum of $50.00 to any one manufacturer or packer, effective as of August 1, 1940."

Fruit and Vegetable Market Competition

Carlot Shipments as Reported to the Agricultural Marketing Service by Common Carriers

Carlot shipments of fresh tomatoes were larger during the week ending October 2, 1940, than during the corresponding week of 1939, according to reports compiled by the Agricultural Marketing Service. Shipments of other fresh fruits and vegetables competing with canned foods were smaller, on the basis of the same comparison.

The following table, compiled from statistics of the Agricultural Marketing Service, gives detailed comparisons of carlot shipments on certain dates of selected vegetables and fruits:

	Week ending—			Season total to—	
VEGETABLES	Oct. 2, 1939	Oct. 2, 1940	Sept. 28, 1940	Oct. 2, 1939	Oct. 2, 1940
Beans, snap and lima	55	15	3	6,684	4,142
Tomatoes	407	561	395	25,204	18,940
Green peas	122	95	84	6,753	5,526
Spinach	13	5	36	6,428	5,929
Others:					
Domestic, competing directly	723	571	1,121	38,014	35,210
Imports, competing indirectly	107	50	54	316	169
FRUITS					
Citrus, domestic	1,551	1,527	1,813	179,359	153,619
Imports	24	66	43	243	136
Others, domestic	809	728	1,147	37,845	37,965

House Passes Bills Affecting Fishing Vessels

Bills that would require all vessels of the United States to be owned by citizens and 75 per cent of the crew of certain vessels be citizens, and that would ease the financing provisions of the Merchant Marine Act to facilitate the construction of fishing vessels have been passed by the House and referred to the Senate Commerce Committee.

The provisions of the bills that would require U. S. citizen ownership and operation of United States vessels were described in the INFORMATION LETTER of September 7. A brief outline of the scope of the bill to facilitate the construction of fishing vessels was noted in the LETTER of September 28.

Yellows-Resistant Cabbage for New York State

A recent bulletin from the New York Agricultural Experiment Station, Geneva, N. Y., presents the results of three years' tests of yellows-resistant varieties of cabbage and recommends the following mid-season or kraut varieties for yellows-infested fields: Racine Market, Early Copenhagen Resistant, Marion Market, Glory Yellows-Resistant, Globe, All Head Select, and Wisconsin All Season. The publication is entitled "Yellows-Resistant Varieties of Cabbage Suitable for New York State," Bulletin 689.

Storm Damages Nova Scotian Apple Crop

Heavy gales in mid-September that swept the northeastern coast of Nova Scotia caused considerable damage to the apple crop in the Annapolis valley. First reports indicate that 25 per cent of the crop was blown to the ground, according to the American agricultural attache at Ottawa. On the basis of this estimated damage, the apple crop this year would be only about 900,000 barrels as compared with 2,300,000 barrels a year ago.

Commission Modifies Private Carrier Regulations

The Interstate Commerce Commission has announced its decision regarding certain petitions filed by representatives of private carriers by motor vehicle and has modified, in two respects, the hours of service and safety of operation regulations that go into effect on October 15. Under the amended order of the Commission, an exemption from the safety of operation and driver's log requirements is extended to carriers transporting passengers or property wholly within a zone adjacent to and commercially a part of a municipality or municipalities. Previously, this exemption had extended only to such carriers operating wholly within a municipality or adjacent municipalities. The general scope of the complete regulations and a summary of their application to the canning industry may be found in the INFORMATION LETTER of June 1, 1940.

7 Per Cent Increase in Freight Loadings Expected

Freight car loadings in the fourth quarter of 1940 are expected to be about 7 per cent above actual loadings in the same quarter of 1939, according to estimates just compiled by the thirteen Shippers' Advisory Boards.

On the basis of those estimates, freight car loadings of the 29 principal commodities will be 6,511,835 cars in the fourth quarter of 1940, compared with 6,084,567 actual car loadings for the same commodities in the corresponding period in the preceding year.

An increase of 10.5 per cent in the fourth quarter as compared with the same period a year ago is expected in the loadings of freight cars for "canned goods".

Fruit Hearings Closed September 30

The taking of evidence at the "sugar hearings" terminated on Monday, September 30, after more than two weeks of testimony relating to the optional liquid packing media for canned peaches, apricots, pears, and cherries. As was reported in the INFORMATION LETTERS for September 21 and 28, the greater part of the testimony related to the use of dextrose and corn sirup in preparing the packing media, and whether the use of these products must be shown on the label.

The presiding officer allowed interested parties 50 days after the certification of the record in which to file briefs and suggested findings. The record has not yet been certified.

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7 per cent increase in freight loadings expected	6348
Fruit hearings closed September 30	6348